1986

ANNUAL REPORT

PRINCE EDWARD ISLAND

MARKETING COUNCIL

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17 February 1987

Hon. Tim Carroll
Minister of Agriculture
Jones Building
11 Kent Street
Charlottetown, P.E.I.
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Dear Sir:

I have the honour to submit herewith the operations report of the P.E.I. Marketing Council for the 1986 calendar year.

Council's financial report for the 1985-86 fiscal year is amalgamated with the financial report of the Department of Agriculture as Council's annual allocation is provided through the Department.

Respectfully submitted,

J.G. Gaudin,
Chairman

JG/lm

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P.E.I. MARKETING COUNCIL

The Prince Edward Island Marketing Council is constituted under the Natural Products Marketing Act (R.S.P.E.I. 1974, Cap. N-2) and is responsible for the supervision of the activities of commodity marketing boards, marketing commissions and commodity marketing groups under the Act.

With the proclamation of an Act to Amend the Natural Products Marketing Act on December 28, 1985, the appeals function, until then held by Council, became the responsibility of the Natural Products Appeals Tribunal. Also, with these amendments Marketing Council assumed the added responsibilities of establishing fluid milk prices at the producer, wholesale and home delivery levels and for establishing the rates for bulk transporters of raw milk.

Council met with representatives of both producers and fluid milk processors and from these consultations determined that cost studies were required for both levels of the industry. The Council increased the price of fluid milk by two cents per litre effective June 1, 1986, with the processors and producers sharing it equally.

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Again, on October 1, 1986, the price was increased by two cents per litre with all of the increase going to producers as preliminary results of the cost of production study performed for Council by the Farm Management Section of the Department of Agriculture indicated that an increase greater than this magnitude was warranted.

The firm of Doane Raymond, reputed for its knowledge of the fluid milk processing sector in the Maritimes, was engaged by Council to study the costs Island fluid processors are experiencing. Results of that study are expected in mid-March.

Following the decision of the Appeals Division of the Supreme Court in the Honkoop et al vs. the P.E.I. Tobacco Commodity Marketing Commodity Board case, the Board sought a new marketing plan. The Board held a three-day seminar with producers in January. The plan was then brought to Council which recommended it to the Lieutenant Governor in Council.

One of the main amendments of the plan was the definition of a producer as one who owns a production unit. A production unit was further defined as the necessary land, building and equipment to produce tobacco independent of any other production unit.

As was seen in the potato plebiscite, the determination of what constitutes a producer can be a difficult and controversial exercise. Council wishes to

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congratulate the Tobacco Board for its capable and enlightened approach to this difficult problem.

Council also in 1986 commissioned a cost of production study for Island egg producers. With .637 percent of the national market, and with C.E.M.A. employing a weighted averaging cost of production formula, our producers' costs have little influence on the final C.E.M.A. price. With the completion of the study, Council and the local board organized an Atlantic regional meeting of signatories to the C.E.M.A. plan where it was decided to take a united position in an effort to having our extra costs recognized. An increase of 2 cents per dozen will be sought when we meet with the C.E.M.A. and the National Farm Products Marketing Council.

Egg producers also voted by plebiscite to have three changes to their marketing plan. The first would provide for family farm corporations to be registered producers in an effort to keep large vertically integrated corporations out of egg production. The second amendment sought would incorporate into the marketing plan the upper size limit of 15,000 birds per producer. This maximum size was enforced by board policy but producers wish it to be enshrined in the marketing plan. Finally, producers voted to allow the board to issue supplementary quota when quota becomes available

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temporarily. The supplementary quota returns to the producer from whom it came when it is required.

Council staff devoted considerable time to discussions with the federal government concerning the development of a program to assist tobacco growers deal with rapidly declining market demand. Discussions are continuing with no agreement reached as yet although the provincial government has committed to become financially involved.

There was considerable interest shown in 1986 in taking up available chicken quota with 11 applications received although none proceeded as of the end of the year. Council expects that this interest will result in new production facilities being constructed in 1987.

Council continued to watch with interest and concern the federal initiative towards a freer trade arrangement with the United States of America. Producers within the supply management system are very concerned that federal negotiators may trade their system. Although several ministers have attempted to calm their fears, as of the end of 1986 there has been no definitive statement which could make producers secure in the knowledge that their system will not be traded away.

During 1986 Council and its staff also performed its routine duties such as conducting mail elections for commodity marketing boards, conducting utilization audits

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of fluid milk plants and provided general supervision of commodity boards.

NATURAL PRODUCTS APPEALS TRIBUNAL

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The Appeals Tribunal consists of a Chairman and two members as follows:

Michael Sullivan, C.A.	- Chairman
Ray Brown	- Member
Reid Sangster	- Member

All appointments were effective 28 December 1985, for a three-year period.

The Appeals Tribunal has received eleven appeals to date, two of which were dealt with prior to going to the hearing stage, eight have had decisions rendered and one appeal is presently ongoing. Of the eleven appeals, three were from milk producers and eight were from tobacco producers. The number of producers involved in the eleven cases was thirty.

At present, there is one appeal pending.